

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3679-01
Bill No.: HB 1915
Subject: Education, Higher, Higher Education Dept.
Type: Original
Date: March 5, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue *	\$0	\$0	\$0
Lottery Proceeds *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds *	\$0	\$0	\$0

*offsetting savings and costs.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Federal and other *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds *	\$0	\$0	\$0

* offsetting savings and costs.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Public Safety**, and the **Department of Public Safety - Missouri National Guard** assume there would be no fiscal impact to their organizations as a result of this proposal.

Officials from the **Office of the Secretary of State** assume this bill would transfer all scholarship programs to the Coordinating Board for Higher Education for administrative purposes. The Coordinating Board for Higher Education would be required to promulgate rules to implement this bill. Those rules will be published in both the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Coordinating Board for Higher Education could require as many as 30 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not published in the Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00 and the estimated cost of a page in the Code of State Regulations is \$27.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. $[(30 \times \$27) + (45 \times \$23) = \$1,845]$

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Natural Resources** (DNR) assume this proposal would result in the transfer of a \$50,000 annual appropriation for an environmental education scholarship program from DNR to the Coordinating Board for Higher Education. The Department noted that the FY2003 appropriation has been reduced from \$50,000 to \$10,000.

Officials from the **Department of Agriculture** (AGR) assume this proposal would transfer a small scholarship program for farm family students from AGR to the Coordinating Board for Higher Education. The Department of Agriculture estimates the cost for this program at \$9,000 in scholarship awards and \$3,000 for administration.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education** (DESE) assume this proposal would result in the transfer of several postsecondary scholarship programs from their organization to the Coordinating Board for Higher Education.

<u>Program</u>	<u>Fund</u>	<u>Amount</u>
Teacher Education	GR	\$ 249,000
A+ Schools	GR	\$15,486,620
A+ Schools	Lottery	\$ 2,218,484
Minority Teacher Education	Lottery	\$ 200,000
Robert Byrd	Federal	\$ 779,500
Senate Youth Scholarship	Other	\$ 1,000

The **Coordinating Board for Higher Education** (CBHE) assumes this proposal would require the transfer of all scholarship programs (for purposes of this fiscal note it is assumed that "scholarship programs" also includes grants, loans, and any other postsecondary financial assistance programs) currently administered by other state agencies to be administered by the CBHE. To our knowledge there are 14 such programs spread among the Departments of Agriculture, Economic Development, Elementary & Secondary Education, Health, Natural Resources and the National Guard.

The Grant and Scholarship Program Administration division is already understaffed due to withholdings and proposed core cuts. It is our assumption that the transfer of these programs would also include the transfer of the FTE and related funding for each program. For example, it appears DESE has at least 2 FTE devoted to the A+ Schools Program. The transfer of these programs could also require some one-time data processing expenses, as well as costs to provide updated publications that include the transferred programs.

In response to another proposal in this session related to expanding the A+ program, officials from the **Department of Elementary and Secondary Education** (DESE) assumed their organization would require two additional FTEs (one supervisor and one administrative assistant) to track the extra volume of students qualifying for tuition reimbursement, to process added payments, and to provide oversight. The A+ designation requires an on-site visit by a review team; therefore, DESE officials assumed four additional FTE School Supervisors would be required to perform the additional on-site visits for the schools attempting to gain the A+ designation.

ASSUMPTION (continued)

Oversight assumes the current FTE involved in administering the A+ program at DESE would be approximately four (one supervisor, one administrative assistant, and two school supervisors), and that these staff would be transferred to CBHE along with the related employee benefits and other costs. Oversight has used the costs provided by DESE in estimating the impact of transferring the A+ program to CBHE.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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GENERAL REVENUE

Savings - DESE

Personal Service (4 FTE)	\$143,360	\$177,193	\$182,509
Fringe Benefits	\$47,786	\$59,064	\$60,836
Equipment	\$15,120	\$0	\$0
Expense	\$16,583	\$17,081	\$17,593
Awards	<u>\$15,735,620</u>	<u>\$16,522,400</u>	<u>\$17,348,500</u>
Subtotal DESE	<u>\$15,958,469</u>	<u>\$16,775,738</u>	<u>\$17,609,438</u>

Savings - Department of Natural Resources

Environmental Education Scholarships	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>
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Savings - Department of Agriculture

Farm family student program	<u>\$12,000</u>	<u>\$12,000</u>	<u>\$12,000</u>
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Cost - CBHE

Personal Service (4 FTE)	(\$143,360)	(\$177,193)	(\$182,509)
Fringe Benefits	(\$47,786)	(\$59,064)	(\$60,836)
Equipment	(\$15,120)	\$0	\$0
Expense	(\$16,583)	(\$17,081)	(\$17,593)
Awards - former DESE programs	(\$15,735,620)	(\$16,522,400)	(\$17,348,500)
Awards - former DNR programs	(\$10,000)	(\$10,000)	(\$10,000)
Awards - former AGR programs	<u>(\$12,000)</u>	<u>(\$12,000)</u>	<u>(\$12,000)</u>

Subtotal CBHE	<u>(\$15,980,469)</u>	<u>(\$16,797,738)</u>	<u>(\$17,631,438)</u>
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**ESTIMATED NET EFFECT ON
GENERAL REVENUE**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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LOTTERY PROCEEDS

Savings - DESE

Awards	\$2,418,484	\$2,539,408	\$2,666,379
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<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Cost - CBHE</u>			
Awards	<u>(\$2,418,484)</u>	<u>(\$2,538,409)</u>	<u>(\$2,666,379)</u>
ESTIMATED NET EFFECT ON LOTTERY PROCEEDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FEDERAL AND OTHER			
<u>Savings - DESE</u>			
Awards	\$780,500	\$819,500	\$860,500
<u>Cost - CBHE</u>			
Awards	<u>(\$780,500)</u>	<u>(\$819,500)</u>	<u>(\$860,500)</u>
ESTIMATED NET EFFECT ON FEDERAL AND OTHER	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

No direct fiscal impact to small businesses would be expected as a result of this proposal.

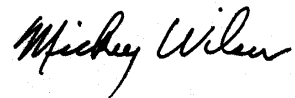
DESCRIPTION

This proposal would transfer administration of all post-secondary scholarship programs to the Coordinating Board for Higher Education.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Coordinating Board for higher Education
Department of Agriculture
Department of Elementary and Secondary Education
Department of Economic Development
Department of Health and Senior Services
Department of Natural Resources
Department of Public Safety
Department of Public Safety
Missouri National Guard



Mickey Wilson, CPA
Acting Director
March 5, 2002